How USIA Secretly Subsidizes Books and Writers, P. 3

But When Will These Humane and Pragmatic Views Be Applied to Cuba and Vietnam?

"The Senator's [Goldwater's] assumption that the Russians can be counted on to accept humiliation rather than war is a dangerous delusion. It is based on the fantastic premise that the American people will prefer the destruction of their cities and perhaps a hundred million deaths to an adjustment with the Communists, but that at the same time the Russians will surrender to an ultimatum rather than accept the risk of nuclear war. . . . Permeating Senator Goldwater's view of the cold war is an unshakeable belief that Communist and free societies cannot survive together in the same world. . . . It is, I believe, an understanding of human diversity, and of the inability of one man or nation to determine what is best for all others, that forms the core of the democratic idea. When 'freedom' is worshipped as a sublime and mystical state rather than simply a necessary condition for human fulfilment, the faith in freedom itself ceases to express the democratic spirit . . . it ceases to express the conscience of a conservative and becomes instead the faith of a fanatic. . . . Goldwater Republicanism is the closest thing in American politics to an equivalent of Russian Stalinism. Each makes a religion of its ideology. . . . The Republicans build their policy on the ideologies that divide the world; the Democrats look beyond ideology to the common hopes, the common interests and the common dangers that unite the human race."

—Fulbright in the Senate, Sept. 8.

I. F. Stone's Weekly

VOL. XII, NO. 31 SEPTEMBER 21, 1964 WASHINGTON, D. C. 15 CENTS

What A Little Lanolin D Can Do for That War in Vietnam

We sat in at our TV the evening of Sept. 10 on the beginning of a new ABC series called *Letters from Vietnam* about "The Daring American." The program, if not the war, seemed to be self-sustaining. It was sponsored by Purex, the cleanser with the woman's touch; Instant Fels, with that built-in fabric softener; Trend, with the tiny suds, so much better than the big bubbles; and Sweetheart Soap, which makes elegance affordable today. Part of the hour long program permitted us to listen in as a U.S. Army Lieut. talked into a dictaphone for his absent wife those "Letters from Vietnam" which gave the program its name. Part of the program permitted us to sit in on battle scenes which lived up to the advance billing, "Specially mounted cameras on combat helicopters take you into battle, show you what it's like to come within a hair of being shot down on a rescue mission." It's a new sensation in warfare to know that you're going into battle with TV cameras trained on you for the folks back home, and that if you're wounded the whole country will see it, unless you have the misfortune of being hit during the commercial.

No Callus on Hand or Heart

It was nice to be assured that our soldiers don't take the war as personal. The lieutenant explained to his wife on the dictaphone that to our fighting men the Viet Cong are "vermin, they're not human, so you don't worry about it as you shoot them up." The finer feelings, like the finer hands in washing with Purex, are not calloused. In another memorable scene we could watch a village being shot up from the air. The announcer explained, "the VC got his back a thousand fold—a return designed to make VC even more unpopular in the countryside." Without this explanation, shooting up a whole village because we suspected a few guerrillas were hidden in it might be regarded as making us a little unpopular in the countryside, too. "We may sometimes kill women and children inadvertently," the Lieutenant wrote his wife that night, "but never on purpose." Then he added what seemed to us a dangerous thought, that he supposed the VC have a family, too. A later sequence, to demonstrate his kindly feelings, showed the Lieutenant visiting an orphanage in Saigon. As the orphans waved goodbye, the painful scene merged into a happy commercial, with American children playing about their mother, her hands protected against dryness by Gentle Fels soap, which contains Lanolin D, "nature's own skin conditioner to make your work easier." We hope the Vietnamese war can be kept going until this series is completed. It shows how smoothly a war can be fought, with a little Lanolin D.

The war may not be going as well as we would like it from a military point of view, but with this series we have hit our stride when it comes to merchandising it. The war is at last being packaged properly, and it's the package which makes the sale. The U.S. Army has achieved a break-through.

Is Peace Breaking Out Despite Us?

"Both American and Vietnamese officials vehemently deny that any cease-fire measures are under consideration, or even possible under present circumstances. Such measures are very much in the minds, however, of Vietnamese not now in positions of responsibility. Buddhist leaders, for instance, have called on both the Government army commanders and Vietcong leadership to 'slow down' the war, if not actually cease fighting. Furthermore, independent military observers detect signs—there is no clear proof—of increasing numbers of de facto cease-fire understandings growing up in recent weeks among individual units in widespread parts of the country. These take the form of local stated or tacit agreements by Government and Vietcong commanders."

—Peter Grose from Saigon in the early editions of the New York Times (p. 20) Sun., Sept. 13. This passage was omitted in the Late City Edition.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

First Congressional Investigation in Quarter Century Into Economic Concentration

Senate Antitrust Examines A New Kind of Corporate Super Monster

For the first time in a quarter-century Congress is taking a look at economic concentration in American industry. Its last study was in 1939 when the Temporary National Economic Committee began work on 40 volumes of hearings and monographs. Now the Senate Antitrust Committee under Senator Hart is in the midst of a new set of hearings. Although virtually unmentioned in the press, the revelations have been as striking as any uncovered by Senator Kefauver when he led the Committee into price-fixing in the steel and drug industries.

The hearings have established the first broad consensus behind the opinion that concentration has been increasing and increasing rapidly since the end of World War II. Findings of the Federal Trade Commission, the Census Bureau and the Committee's own chief economist (Dr. John Blair) all indicate that the 100 largest U.S. manufacturing corporations control about 25% more of the nation's net capital manufacturing assets than they did 15 years ago. This means they now hold 57% or just short of three-fifths of all property used in U.S. manufacturing.

The Conglomerate Giant

Even more startling (and one does not startle easily after so many years of bigness) is the way these corporate giants have grown. At the time of the TNEC investigation, the giants confined themselves to activity within a single industry. They expanded horizontally to acquire competitors and vertically to acquire firms within their stream of production and distribution. John Blair's testimony reveals the growth of a new kind of super-giant, the conglomerate. It expands by diversifying into industries totally unrelated to its major field of production (*see box below*). Textron, for example, is now engaged in practically every U.S. industry except textiles, the one in which it began. At least one of the 100 largest manufacturing corporations is now among the 4 largest producers in more than half the product classes of U.S. industry. Since product class (rather than products) is the category that most closely approximates the market, these figures show the giants in direct "competition" with the majority of U.S. manufacturing firms.

These figures really underestimate the extent of concentration and conglomeration. They are based upon the assumption that a company must own more than 50% of the stock of another in order to control it. This standard has long been obsolete. Even the conservative SEC presumes control with the ownership of 25% or more of the stock. In large corporations, where ownership is widely diffused, control often comes with as little as 10% of the stock. "One is the recipient of so many slings and arrows in this work," one Committee staff member explained, "that we lean over backwards to use the most conservative statistics."

The corporate giants, unwilling to risk smaller profits by lowering costs and expanding production, have turned instead to investments in conglomerate mergers. The Justice Department and the FTC have been reluctant to fight these. (The FTC's recent decision against Proctor & Gamble's acquisition of Chlorox is the one exception and may indicate a new policy.) If Senate Antitrust decides on legislation to break up the conglomerates, it will be attacking a major barrier to full employment of machines and manpower.

How Much Bigger The Big Have Grown

"In 1962, the population of American manufacturing enterprises consisted of about 180,000 corporations and 240,000 partnerships and proprietorships. These 420,000 business units had combined assets of about $296 billion. The 20 largest manufacturing corporations had $73.8 billion in assets, or an estimated 25% of the total. The 419,000 smallest companies accounted for only 25.2% of total assets. Thus the total assets of the 20 largest corporations were approximately the same as those of the 419,000 smallest. Concentration, when measured in terms of net profits or net capital assets, is greater. For example, the 20 largest manufacturing corporations, with 25.4% of total assets, accounted for 38% of profits after taxes. The net profits of the 5 largest corporations were nearly twice as large as those of the about 178,000 smallest corporations."

—W. F. Mueller, head of Bureau of Economics at FTC, before Senate Antitrust Comm., July 2 (abr.)

Economist Asks For New Antitrust Law To Break Up Giant Conglomerates

"A firm possesses conglomerate power when its operations are so widely diversified that its survival no longer depends on success in any given product market. Its absolute size, its sheer bigness, is so impressive that it can discipline or destroy its more specialized competitors. It occupies a position much like the millionaire poker player who, in a game of unlimited stakes, can easily bankrupt his less opulent opponents.

"General Dynamics, for example, turns out a diversified product line ranging from Atlas missiles to sand and gravel. Martin-Marietta produces aero-space equipment, cement and concrete, printing inks, dyestuffs, adhesives and resins, and household cleaning products. Textron, perhaps the greatest conglomerate in U.S. industry, is an amalgam of 27 separate divisions and 113 separate plants—making such widely dissimilar products as helicopters, chicken feed, mailboxes, paints and optical machinery.

"Since the conglomerate firm is composed of functionally unrelated enterprises, it loses the advantages of specialization and economies of scale. It cannot claim to be society's benefactor through greater efficiency.

"Since conglomerate bigness is relatively new in American manufacturing, neither economic theory nor public policy has yet devised effective means of coping with it. Certainly, it is doubtful whether the Sherman and Clayton Acts are adequate to the task. Nevertheless, we do have a precedent of a specialized antitrust law—the Public Utility Holding Company Act of 1935—which addressed itself to the phenomenon of conglomerate bigness in a single industry. Section 11, the heart of the statute, required holding companies to divest themselves of widely scattered utility properties which had no operating relationship with respect to each other.

I suggest that this Committee explore the feasibility of adapting the Public Utility Holding Company Act provisions to conglomerate bigness in manufacturing.

—Dr. Walter Adams, Prof. of Econ., Mich State U., before the Sen. Antitrust Subcom., Sept. 10 (abr.).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

How "Cultural Exchange" Became A Propaganda Operation At Home As Well As Abroad

USIA Secretly Subsidizes Books and Writers to Spread Its "Line"

In 1948 Congress passed a U.S. Information and Educational Exchange Act. It authorized the Secretary of State to provide for the exchange of books, periodicals "and other educational materials" with foreign countries and for the dissemination abroad of "information about the United States." In 1953 these powers were transferred to the newly created U.S. Information Agency. It now appears, from testimony taken in executive sessions (see box below) by the House Appropriations Committee, that this authorization has been stretched by the USIA secretly to subsidize the writing and publication of books at home as well as abroad.

Buying Stature to Get Credibility

Thanks to Glenard P. Lipscomb (R. Cal.), a member of the Appropriations Committee, more information has been elicited about this "book development program." Lipscomb questioned USIA's authority to engage in such activities, and has released the Comptroller General's reply. This letter discloses that the book contracts with USIA "provide publication shall be without attribution to the Agency [USIA] and that there shall be no publicity of the Government's connection with the book." The names of books thus bought were censored out of the committee hearing record at the USIA's request. One of them, as the reader will see below, was described by Reed Harris, the USIA official in charge as covering "the whole Communist strategy of deception." Mr. Harris seemed unaware that he was describing our own government's strategy of deception. The USIA does not employ writers on its staff but seeks out "commercial writers who have stature in the literary world" because this "results in greater credibility." Despite this prized stature, "we control the *thing*," [our italics] Mr. Harris explained, "from the very idea down to the final edited manuscript."

The Comptroller General's letter upholding this stretches the law and misses the point. Congressman Lipscomb has promised to sponsor legislation either to stop the practice or require that books subsidized by the USIA be so labelled. Otherwise the reader has no way of distinguishing between objective scholarship and paid propagation of the government's line. Milton described a book as "the life-blood of a master spirit." Nowadays it may also be a custom-made masterpiece, cut to the government's cloth.

Comic Strips, Too

Mr. Lipscomb (R. Cal): I was interested in an article that appeared in the Washington Star Sunday magazine of Jan. 12, 1964, which refers to a 'Comic Strip Mill' and states that 'USIA [US Information Agency] artists in Washington turn out material for thousands of publications abroad.' . . . It says, 'Five seemingly innocent comic strips are slipped into some 5,000 publications around the world every week. Although their readers and sometimes even their editors don't know it, the comic strips carry a hidden message; they are American propaganda.'

—House Appropriations Committee, March 5

The Testimony Which Disclosed Our Own Government's Strategy of Deception

Mr. (John) ROONEY (D. N.Y.): At page 18-7 entitled "Book Development" you would seek an increase from $90,000 in the current year to $195,000 in the coming year. What is the alleged necessity for that?

Mr. (Reed) HARRIS (Information Center Service, USIA): That is the program under which we can have books written to our own specifications, books that would not otherwise be put out, especially those books that have strong anti-Communist content and follow other themes that are particularly useful for our purposes. Under the book development program, we control the thing from the very idea down to the final edited manuscript.

Mr. ROONEY: What are the details?

Mr. HARRIS: Mr. Chairman, we would be able to go into the titles if we might be allowed to do it off the record because our interests in certain of these books should not become a matter of general public information.

* * *

Mr. ROONEY: Tell us about this book.

Mr. HARRIS: This book, sir, covers the whole Communist strategy of deception.

Mr. ROONEY: How many books have been written on this subject?

Mr. HARRIS: I could not tell you all of them but this is a very down-to-earth book and is the kind of thing that warns people —

Mr. ROONEY: There is nothing new about this subject is there? I can remember reading about it over 30 years ago. What did it cost?

Mr. HARRIS: In this case, it cost $14,952.

* * *

Mr. ROONEY: How many writers do you have in the USIA?

Mr. Louis FANGET (Chief, Publications Division): We do not employ any writers, sir, on the staff. We try to reach outside commercial writers who have stature in the literary world, we try to get them to do books. This results in greater credibility, sir.

* * *

Mr. (Glenard) LIPSCOMB (R. Cal.): How many books do you have of the nature of * which were financed by USIA but are now being put out by American publishers for sale in the United States?

Mr. FANGET: Sir, it is our intent to have all the books published by the American publisher for sale commercially not only in the United States but we hope overseas so that the book has the credibility we want it to have.

Mr. LIPSCOMB: I am having a hard time understanding why USIA must finance a book and then have it go on the market for sale. If a publisher thinks a book is good —

Mr. FANGET: The kinds of books we support are those that would not be published ordinarily.

Mr. LIPSCOMB: Why not?

Mr. FANGET: Because they would be difficult to sell. An American publisher would not ordinarily publish an anti-Communist book because they do not sell commercially. And even those published commercially sometimes have some Federal support behind them. An American publisher will only publish those books on which he believes he can make a profit. These books habitually do not make a profit. For example,*—. If we had not invested money in it, it would not have come to light. It is considered by authorities to be one of the best books on the expose of the Communist system.

—Before the House Appropriations Comm., March 5 (abr.)

*Indicates book title was censored.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Price Party and Nation Pay for the United Front Against Goldwater

Liberal Democrats Help Johnson Try to Bury the Baker Case

In the Senate last week the liberal Democrats declined the chance to set up a genuine Bobby Baker investigation. The voting was so close on almost every question that the change of a few liberal votes would have been decisive. A change of four would have sent the re-opened inquiry to the new Select Committee on Ethics rather than back to Rules, where it got nowhere the first time round. Another four liberal votes would have permitted the minority members in Rules to call witnesses whom the majority refused to call. Six liberal votes would have given the investigating committee explicit authority to examine all government building contracts, not just the one for the District of Columbia Stadium.

Only Douglas Refused to Compromise

Senator Douglas was the only liberal to vote consistently for these proposals and others like them. Clark, the proponent of Senate reform, took a live pair against almost every one. Morse, McGovern and Neuberger voted with the party leadership all the way. Gruening and Nelson scattered their votes both for and against. Church, McCarthy and Proxmire played the game of voting for an amendment only to switch their votes at the last moment if it seemed the amendment might pass.

Under other circumstances a vote for a tough Baker investigation would have been a vote to expose the Senate Establishment and its tie-in with Big Business. Unfortunately a thorough investigation would lead straight into the White House. The leader of the Establishment is now the white hope of American liberalism against Goldwater. This illustrates what Dean Sayre of Washington Cathedral meant when in an unusually outspoken sermon Sept. 13 he deplored the character of the men between whom the American people must choose in November: "one a man of dangerous ignorance and devastating uncertainty, the other a man whose public house is splendid in its every appearance but whose private lack of ethic must inevitably introduce termites at the very foundation."

The Rules Committee is almost certain to stifle this new inquiry as it did the last. The key figure is Matthew McCloskey, contractor for the D.C. Stadium, who, according to Senator Williams (R. Del.), conspired with Bobby Baker to add 25,000 to the cost and divert this to the 1960 Democratic campaign fund. Sen. Jordan, Chairman of Rules, refused to promise that he would ask McCloskey to testify. His colloquy with Senator Williams is typical:

Sen. WILLIAMS: I should like to ask the Senator if in his next inquiry he intends to call Mr. McCloskey?

Sen. JORDAN: I shall answer the question this way: If the resolution is turned over to the Committee on Rules, we will do the investigating.

Sen. WILLIAMS: Will the Senator from North Carolina call Mr. McCloskey as a witness?

Sen. JORDAN: That will be for the Committee to decide.

Mr. WILLIAMS: Will the Senator tell us how he personally will stand?

Mr. JORDAN: If the Senator will wait until we have the opportunity to act, we will determine how to proceed.

The Democratic maneuver may not work. As Senator Scott (*R. Pa.*) said, "The danger in burying a live issue is that the ghost returns to haunt the happy morticians."

The FBI and the Baker Case

"The Senator from Montana [Mansfield] raised the question about whether the [Baker-McCloskey] question had been referred to the Department of Justice. At the time I made my speech last week it had not been. It has since been referred to the Department. The Department sent its representatives around to see me. This happened since the President authorized the FBI to go into the question. They did come around to my office, and I must say that I was much disappointed in that interview. They seemed to think that there were two questions of prime importance: First, "Where did you get the check and who gave it to you? Who is your informant?" Second, "When did you get the check?" Neither point is material so far as they are concerned. . . . They spent three-quarters of their time in my office trying to find out where I got the information."

—Sen. J. Williams (R. Del), in the Senate, Sept. 9

Still Time to Enter A Sub for That Boy or Girl Going Off to College

I. F. Stone's Weekly 5618 Nebraska Ave., N. W. Washington, D. C. 20015

Please renew (or enter) my sub for the enclosed $5:

Name .....

Street .....

City .....**Zone**.....**State**.....

9/21/64

For $5.35 extra send I. F. Stone's *The Haunted Fifties*

(To) Name .....

Street .....

City .....**Zone**.....**State**.....

Shall we send gift announcement? Yes ☐ No ☐

I. F. Stone's Weekly
5618 Nebraska Ave., N. W.
Washington, D. C. 20015

Second class postage paid at Washington, D. C.

NEWSPAPER

I. F. Stone's Weekly. Second Class Postage Paid at Washington, D. C. Published every Monday except the last week in December and the first week in January and Bi-Weekly during July and August at 5618 Nebraska Ave., N.W., Washington, D. C. An independent weekly published and edited by I. F. Stone; Circulation Manager, Esther M. Stone. Subscription: $5 in the U.S.; $6 in Canada; $10 elsewhere. Air Mail rates: $15 to Europe; $20 to Israel, Asia and Africa.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED